**JOHN STAURULAKIS, INC.**
**TELECOMMUNICATIONS CONSULTANTS**
6315 SEABROOK ROAD
SEABROOK, MARYLAND 20706

301-459-7590
FAX 301-577-5575

RECEIVED
MAR - 4 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

March 4, 1996

Home Telephone Co., Inc.
P.O. Box 1194
Moncks Corner, South Carolina 29461

Secretary
Federal Communications Commission
1919 M Street, Room 222
Washington, D. C. 20554

DOCKET FILE COPY ORIGINAL

| | | |
|---|---|---|
| **In the Matter of** | ) | |
| | ) | |
| **Interconnection Between Local Exchange** | ) | **CC Docket No. 95-185** |
| **Carriers and Commercial Mobile Radio** | ) | |
| **Service Providers** | ) | |

Attention: Common Carrier Bureau

The accompanying comments, prepared by Home Telephone Company, Inc. (Company), are in response to the Notice of Proposed Rulemaking, released on January 11, 1996, and the Order and Supplemental Notice of Proposed Rulemaking, released on February 16, 1996, in the above-referenced docket.

Any questions concerning this filing may be directed to the Company.

Sincerely,
Michael S. Fox
Michael S. Fox
Director, Regulatory Affairs

on behalf of

H. Keith Oliver
Accounting Manager
Home Telephone Company, Inc.

No. of Copies rec'd 0+8
List ABCDE

Enclosures

cc: H. Keith Oliver, Home Telephone Company, Inc.
Janice Miles, Common Carrier Bureau, 1919 M Street, Room 544
International Transcription Services, 2100 M Street, Suite 140

RECEIVED
MAR - 4 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

**Before the**
**FEDERAL COMMUNICATIONS COMMISSION**
**Washington, D.C. 20554**

| | | |
|---|---|---|
| **In the Matter of** | ) | |
| | ) | |
| **Interconnection Between Local Exchange** | ) | |
| **Carriers and Commercial Mobile Radio** | ) | **CC Docket No. 95-185** |
| **Service Providers** | ) | |
| | ) | |
| **Equal Access and Interconnection** | ) | |
| **Obligations Pertaining to Commercial** | ) | **CC Docket No. 94-54** |
| **Mobile Radio Service Providers** | ) | |

**Comments of Home Telephone Company, Inc.**

Home Telephone Company, Inc. (Home), is very concerned about the tentative conclusions reached in the above-referenced docket as outlined in the Notice of Proposed Rulemaking released on January 11, 1996.[1] As a small local exchange carrier (LEC) with limited staff, striving to complete December year-end work requirements, we have not had time to fully digest the NPRM or address all the issues it raises. However, due to the far reaching ramifications this precedent setting document might have, we felt it important to convey our concerns. Therefore, we offer the following comments for consideration:

## 1. Impacts on Revenues and Service Rates

Home's primary concern with this NPRM is its impact on our revenue stream and the resulting impact this may have on our customers and broad universal service considerations. In 1995, Home received over $225,000 in net revenues for interconnection from Commercial Mobile Radio Service (CMRS) providers. It appears this NPRM would eliminate most, if not all, of this revenue. This revenue loss translates into a local rate increase of $1.10 per subscriber per month, or a 12% increase. The only other way for our company to recover such a loss is to raise intrastate access rates. The increase necessary to recover this revenue would be approximately $.012 per access minute. If this increase is added to the common line rate element (South Carolina intrastate traffic sensitive rates mirror the NECA rates) it would increase Home's intrastate carrier common line access rate by approximately 53%.

[1] See In the Matter of Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, CC Docket No. 95-185, and Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Service Providers, CC Docket No. 94-54, FCC 95-505, released January 11, 1996 (NPRM).

## 2. Impact of Recently Passed Telecommunication Act of 1996

The recently passed federal legislation will require an in-depth examination of both interconnect and access rates, as well as a multitude of other related issues. Most of these issues are so interrelated that we feel it is critical that all issues be considered at the same time, recognizing the effect each issue has on the next. To attempt piece-meal regulation in a developing competitive environment is dangerous and counter-productive and could have far reaching, negative implications on Home's ability to continue to provide affordable, universal service to our customers.

## 3. NPRM Impact on Competitive Environment

As noted in the summary of the NPRM, there is an intent by the Federal Communications Commission (Commission) "to encourage the development of CMRS, especially in competition with LEC-provided wireline service."[2] Our company is not opposed to competition, however, we do feel it is only equitable that all competitors be treated in a competitively neutral manner. Home will face competition from a variety of sources: cable TV, power companies, other wireline providers, etc. This NPRM sets an arbitrary rate (zero) for interconnection services. It is very possible that this same treatment will be required for other competitors. The impact of this treatment will diminish funds available to support local service, ultimately impacting universal service. Home feels this action will be in direct conflict to several goals stated in the NPRM, especially the goal "to ensure and advance universal basis telephone service."[3]

Home believes that the discussion of interconnect rates should be expanded to, at a minimum, ensure that all competitors are on a level playing field. All providers, including CMRS, must be required to fund and support universal service. In addition, government mandated charges, such as the federally mandated subscriber line charges and state and local charges such as E-911, TDD service, local franchise fees, etc., must be applied to all providers, not just the incumbent LEC.

## 4. Traffic is not Reciprocal

We currently terminate almost three and one half (3 1/2) times the traffic to our land line customers for CMRS providers than they terminate from our land line customers. This disparity is increased when you consider that the wireline LECs are required to be universal service providers while CMRS providers are free to only operate in the more profitable geographical areas. Home's requirement, as a carrier of last resort, to serve even remote areas, likely means our cost per unit of service is higher then would otherwise be expected. If we are terminating more traffic, and likely have a higher unit

---

2 Id. at para 2

3 Id. at para 5

cost, then a bill and keep system is clearly inequitable and contrary to the public interest.

## 5. Customer Billing Methods are Different

Traditionally, Home has priced local service on a flat rate basis, as have most LECs. What this means is that, as we incur any additional variable costs, for example, terminating traffic fees, we have no way to recover these additional costs. On the other hand, the CMRS provider normally charges on a usage sensitive basis. This means each unit of usage brings additional revenue. This gives the CMRS provider the ability to recover his variable costs to terminate traffic, and to match that cost recovery with the cost causer. Thus, it is critical that any discussion of reciprocal compensation for LEC-CMRS interconnection consider the impact on current LEC billing practices and how additional variable costs can be fairly passed to the cost causer.

## 6. Effect of CMRS Provider Revenues

The elimination of current charges to CMRS providers will generate a revenue windfall for these providers. To the extent that CMRS providers are currently paying fees to local LECs, the elimination of the fees through the introduction of bill and keep will give these companies a significant windfall. As indicated in point (1), this windfall for the CMRS providers will result in revenue short falls for the local exchange carriers, which will result in local rate increases or increases in intrastate access rates. Clearly this result is contrary to the Commission's universal service goals and not in the public interest.

## 7. Disparity between Access and Interconnect Rates

Access rates are disportionally high in comparison to CMRS interconnect rates. In the emerging competitive marketplace, Home believes that access and interconnect rates will be quickly driven to parity. The same service and facilities are utilized for both activities. To attempt to maintain artificial price differences between the two services will only lead to bypass and arbitration. The proposed NPRM increases this potential. It is highly likely that in the competitive future, the same provider will be terminating several different types of traffic to the LECs, i.e. AT&T-PCS and AT&T Long Distance. We maintain that attempting to charge the same provider different rates for providing the same service for different traffic types is a recipe for disaster. The loss of access interconnection to either bypass or arbitrage could so reduce revenues as to seriously jeopardize our ability to continue to provide the high quality universal telecommunication service our customers have come to depend upon. The Commission must recognize the interrelationship between the various forms of access to the local wire line customer, and not mandate discriminatory pricing between the various forms of interconnection or access.

In summary, Home is not convinced that the CMRS providers' interconnection problems are of such a magnitude as to warrant the risk to universal service this NPRM creates. Home strongly urges the Commission to reconsider the tentative decision reached in the NPRM with respect to implementing an interim bill and keep arrangement for LEC-CMRS interconnection. We agree with Commissioner Ness' views that the Commission should not throw caution to the wind. We also agree with Commissioner Ness as to the questionable legality of this NPRM. At a minimum, we certainly do not deem it fair and are almost certain it will lead to increased prices to our customers. Action of this magnitude deserves full investigation in the broad view of its impact on the industry as a whole.

We appreciate the opportunity to present these comments and hope that the view point of a small rural LEC will be helpful in addressing this critical issue.

Respectfully submitted,

By: Michael S Fox

Michael S. Fox
Director, Regulatory Affairs
John Staurulakis, Inc.

on behalf of

H. Keith Oliver
Accounting Manager
**Home Telephone Company, Inc.**
200 Tram Street
Moncks Corner, SC 29461
(803) 761-9100

March 4, 1996